



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

April 22, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
From: 
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

Reminder: The Assembly Budget Subcommittee on Health and Human Services is meeting on Friday, April 23, 2004, in the Board of Supervisors Hearing Room to consider the impacts of the Governor's IHSS and TANF/Probation Proposals on Los Angeles County. The hearing is scheduled for 9:30 am.

VLF Realignment Fix Hits Snag

After weeks of promising relief to counties whose VLF realignment payments had stopped effective March 1, 2004, the Legislature, on Tuesday, moved to fix the problem by amending AB 1457 in the Senate Appropriations Committee and then passing it out on a vote of 8 to 0. As amended, the bill would reestablish the Local Revenue Fund so that VLF realignment funds could flow to counties and provide for an end-of-the-fiscal-year adjustment by the Controller to assure that the realignment share of the VLF in FY 2003-04 was fully funded, including an adjustment for the increase in the gap loan. Despite the fact that AB 1457 was approved unanimously by the Committee, Senate Republicans are saying that they will not vote for it on the floor, which would keep it from taking effect immediately, unless it is amended so that the fix is only for this year. The reestablishment of the Fund is not controversial. However, a permanent fix is one of the elements in the budget deal under discussion between the Administration and local governments so that the Republicans may be objecting to doing it prior to finalizing an agreement. Our understanding is that the bill is being amended to provide a temporary fix and could be taken up on the Senate Floor on Monday.

In the meantime, the Department of Motor Vehicles (DMV) has taken a step toward a permanent solution. The vehicle depreciation schedule, which is the basis for VLF realignment funds, was restored by the DMV's adoption of a temporary rule which will expire on June 29, 2004. Rather than seek legislative enactment of the schedule, which could prove difficult because Republicans view it as a tax increase, the DMV has moved to put the schedule in place through permanent regulations which have been published for public comment through May 31, 2004.

Budget Negotiations with the Governor

Starting last week, when it became clear that local governments had collected enough signatures to qualify their initiative, the Local Taxpayers and Public Safety Protection Act, for the ballot in November, the Administration initiated discussions with the four levels of local governments impacted by their property tax shift proposal. In general, the Administration is insisting on achieving the full \$1.3 billion savings from their proposal but is willing to limit the local government loss to two years and redistribute the impact so that most of it would not fall on counties, as was the case under the original proposal. If an agreement can be reached with local governments, the Governor would include it in his May Revision and work to get it approved by the Legislature. Local governments would have to agree not to actively support their ballot initiative and in return, the Governor would support an alternative measure providing the same protections as the local initiative, but with a two-year delayed effective date. Discussions on details are continuing and nothing has been finalized.

IHSS Residual Program

The Governor's January Budget proposed the elimination of the IHSS Residual Program, those IHSS services or cases that are not reimbursed by the Federal Government. IHSS Residual cases are funded with State and county funds on a 65/35 percent basis. Elimination of the Program would impact over 20,000 frail, elderly, and disabled adults, and children in the County.

On the eve of a huge rally in Sacramento of IHSS providers and recipients, the Administration announced that it was changing its proposal to provide that the Residual Program be continued subject to approval by the Federal Government of a waiver that would provide Federal matching funds. While no details were provided, the Administration indicated that discussions with the Federal Government have begun and that a draft of the waiver proposal would be shared with stakeholders next week. The Administration plans to submit the proposal by May 1, 2004 and include it in their May Revision.

The Administration has not withdrawn its proposals to roll back State participation in employee wages to the level of the State minimum wage and eliminate the State share of funding for Public Authorities and the requirement that counties designate an employer of record.

Budget Hearings

The Assembly Budget Subcommittee No. 1 met on April 21, 2004 to hear alcohol and drug, mental health, and foster care issues. Listed below are the actions taken on issues of importance to Los Angeles County.

- Held open the LAO's Drug Medi-Cal Proposal, which would redesign the State's Drug Medi-Cal program by shifting funding and existing community-based programs to counties while shifting funding and responsibility for narcotic treatment programs to the State.
- Rejected the Governor's proposal to eliminate funding for the Children's System of Care Program.
- Rejected the Governor's proposal to reduce the Early Mental Health Initiative by 50 percent.
- Referred the "AB 3632 Program for Special Education Pupils" to the Assembly Budget Subcommittee on Education for discussion.
- Held open the Governor's proposal to impose a quality assessment fee on Medi-Cal managed care plans.
- Held open Foster Care Reform pending release of the May Revision.
- Held open the LAO's proposal to reform the Adoptions Assistance Program.
- Adopted placeholder trail bill language to make the Transitional Housing Placement Program funding an annual appropriation, and set the level of funding at \$2 million.

Pursuit of County Position on Legislation

AB 2947 (Pacheco) as amended on April 21, 2004, would extend the sunset date of the Comprehensive Youth Services Act (Act) for three years from January 1, 2005 to January 1, 2008. The Act authorizes State funding for juveniles who are under the supervision of a court or a county probation department.

In 1993, the State was authorized to receive Federal Title IV-Emergency Assistance (EA) funding for probation camps, based on the concept that removing a juvenile from community and family constituted an emergency. This authorization was continued under the 1996 Federal Welfare Reform Law.

In Los Angeles County, these funds have been used to fund probation camps. By extending the sunset date on the Act, the Probation Department would continue to be eligible to receive State funding for the camps which provide out-of-home intervention for chronic and serious delinquents, many of whom are involved in gang activity, substance abuse, assaults, and use of guns in the commission of crimes.

The Probation Department recommends that the County support AB 2947 which is consistent with the State Legislative Agenda to support legislation that would maintain probation funding at or above the level established in the FY 1998-99 State Budget. **Therefore, our Sacramento advocates will support AB 2947.**

AB 2947 is sponsored by the Chief Probation Officers of California (CPOC) and is supported by; American Federation of State, County and Municipal Employees, Asian Community Mental Health Services, Association for Los Angeles Deputy Sheriffs, California Coalition for Youth, California Peace Officers' Association, California Police Chiefs Association, California Probation, Parole and Correctional Association, California State Association of Counties, City of Fremont, Los Angeles County Probation Officers Union, Los Angeles County Professional Peace Officers Association, Los Angeles County Superintendent of Schools, Los Angeles Police Protective League, Office of the Attorney General, Office of the Sheriff (San Bernardino), Peace Officers Research Association of California, and Riverside Sheriffs' Association. There is no opposition on record.

AB 2947 passed the Assembly Human Services Committee on April 21, 2004 by a vote of 7 to 0, and was referred to the Assembly Appropriations Committee where it awaits a hearing date.

Status of County-Interest Bills

County-opposed AB 2300 (Dymally) failed passage in the Assembly Health Committee on April 20, 2004 by a vote of 6 to 4, but it was granted reconsideration. AB 2300 would require specified hospitals to develop a staffing plan for professional, technical, and support staff including: respiratory therapists, dietary and housekeeping staff, and others needed to ensure safe and adequate patient care.

County-supported AB 2963 (Pacheco) failed passage in the Assembly Health Committee on April 20, 2004 by a vote of 10 to 5, but it was granted reconsideration. AB 2963 would require the State Department of Health Services, by January 1, 2005, to evaluate the 1 to 6 licensed nurse-to-patient ratio currently required in hospital medical/surgical care units.

Each Supervisor
April 22, 2004
Page 5

County-supported AB 2679 (Wolk) passed the Assembly Health Committee on April 20, 2004 on the Consent Calendar. AB 2679 would extend the sunset date to provide Medi-Cal coverage for employed disabled people whose incomes do not exceed 250 percent of the Federal Poverty Level from April 1, 2005 to April 8, 2008.

County-sponsored SB 1382 (Murray), which would allow taxing entities like the County at least 90 days to review redevelopment plans, passed the Senate Committee on Local Government by consent vote on April 21, 2004. The bill now proceeds to the Senate Appropriations Committee.

We will continue to keep you advised.

DEJ:GK
MAL:JF:JR:JL:MS:ib

c: Executive Officer, Board of Supervisors
 County Counsel
 Local 660
 All Department Heads
 Legislative Strategist
 Coalition of County Unions
 California Contract Cities Association
 Independent Cities Association
 League of California Cities
 City Managers Associations
 Buddy Program Participants